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THE
ANNUAL
REPORT



*R.H. Macy & Co.,
Inc.*

AND SUBSIDIARY COMPANIES
FOR THE FISCAL YEAR ENDED
JANUARY 27

1934

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*R. H. Macy & Co.,
Inc.*

OFFICERS

PERCY S. STRAUS *President*
EDWIN I. MARKS *Vice-President*
JACK ISIDOR STRAUS *Vice-President*
DELOS WALKER *Vice-President*
BEARDSLEY RUML *Treasurer*
RALPH ISIDOR STRAUS *Secretary*

DIRECTORS

LOUIS BAMBERGER
DONALD KIRK DAVID
H. WENDELL ENDICOTT
OSWALD W. KNAUTH

LEON LAUTERSTEIN
EDWIN I. MARKS
BEARDSLEY RUML
JACK ISIDOR STRAUS

PERCY S. STRAUS
RALPH ISIDOR STRAUS
DELOS WALKER
WILLIAM J. WELLS



R. H. Macy & Co., Inc.

March 28, 1934

TO THE STOCKHOLDERS OF R. H. MACY & CO., INC.:

I HAVE the honor to submit herewith, on behalf of the officers and directors of the Corporation, a report of its operations for the fifty-two weeks ending January 27, 1934, which constitute the fiscal year.

The report is more detailed in form than in previous years. It shows a consolidated balance sheet for Macy's and all subsidiary corporations, including the three affiliated stores.

In addition to owning all of the common stock of L. Bamberger & Co. of Newark, N. J., the Corporation now owns 70% of the common stock of The Lasalle & Koch Company of Toledo, Ohio, and 88 $\frac{1}{10}$ % of the common stock, and all of the preferred stock of Davison-Paxon Company of Atlanta, Georgia.

The profit and loss statement covers the entire operations of Macy's and Bamberger's, as well as that portion of the earnings or losses of The Lasalle & Koch Company and Davison-Paxon Company which are represented by our percentage of stock ownership. Since the last report the percentage of stock ownership of The Lasalle & Koch Company has increased from 53% to 70%. This increase is the result of a contractual obligation, entered into at the time of the original purchase of the Lasalle & Koch stock, to the effect that on the death of Alfred B. Koch, his estate would sell and Macy's would buy an additional 17% of the common stock. \$641,701.88 was paid for that stock.

The Lasalle & Koch Company had insured the life of its President, Mr. Alfred B. Koch, for a total of \$615,000. This had been used in part to reduce outstanding obligations of that Corporation.

The sales of the four stores total \$112,671,-769.96 against \$118,879,251.93 last year.

The sales of Macy's for the past fiscal year were \$76,195,686.60 as against \$80,464,596.25 for the previous year, a decrease of 5.31%.

The sales of Bamberger's were \$27,050,-763.24 as against \$29,066,455.08 for the previous year, a decrease of 6.93%.

The sales of The Lasalle & Koch Company and of Davison-Paxon Company were \$9,425,-320.12 as against \$9,348,200.60 for the previous year, an increase of .82%.

Your company's earnings on its 1,509,556 shares of common stock less 9,743, the number of shares owned by it, were \$2.02 per share, as against \$2.20 per share in the previous fiscal year. These are the profits after deducting the usual reserves for amortization, depreciation of all fixed assets on a conservative basis, etc., and after the deduction of the estimated federal income taxes.

Touche, Niven & Co., public accountants, have, as usual, audited the Corporation's accounts.

Cash dividends have been maintained during the past year at the rate of 50¢ per share quarterly, a rate within the total earnings. The Board of Directors, at its meeting on March 21, 1934, declared a dividend of 50¢ per share, payable May 15, 1934.

At this meeting it was also decided, when dividends are declared, to change the dates of their payment, after May 15th, 1934, from February 15th, May 15th, August 15th and No-

vember 15th, to March 1st, June 1st, September 1st and December 1st. This action was taken in order to enable the directors to have in their possession at the January meeting the results of the Christmas business before considering a dividend for the first quarter of the year. Heretofore the directors considered the first dividend of the ensuing year at their December meeting.

L. Bamberger & Co. has paid \$500,000 in addition to the annual amortization of \$150,000 on the mortgage on its building.

All outstanding obligations to the banks have been paid as of the end of the fiscal year, except \$550,000 owed by The Lasalle & Koch Company. In addition, merchandise stocks have increased approximately \$2,300,000 at cost.

The past year has been a difficult one for business of all kinds. It has been particularly trying for this Corporation because three of its directors have died during the year. Mr. Alfred Seligsberg, who, in addition to being a director, was its counsel; Mr. Alfred B. Koch, who, in addition to being a director was President of The Lasalle & Koch Company; and Mr. Herbert N. Straus, who, in addition to his directorship, was Vice-President and Treasurer, and active not only at Macy's but also as President of Bamberger's.

The loss of such important members of the directorate is regretfully recorded.

Mr. Jesse Isidor Straus, your President ever since incorporation, resigned all connection with the business on April 5, 1933, in order to accept the Ambassadorship to France.

The filling of the places of the officers lost by death or resignation and the reorganization of the Executive Committee was effected by promotions. This was made possible by the policy of the Corporation to have in training men capable of filling any vacancies which might occur. The changes effected were those in contemplation whenever the emergency might require them. In addition, Mr. Leon Lauterstein, the Corporation's counsel, and Mr. William J. Wells, who was elected President of L.

Bamberger & Co., on the death of Mr. Herbert N. Straus, were added to the Board of Directors.

Mr. Oswald W. Knauth, your Treasurer, decided several months ago to retire and resigned as of March 1st, 1934. He still remains a member of the Board of Directors and of the Executive Committee. Mr. Beardsley Ruml has been elected to fill the vacancy in the Treasurership. He comes to us from the deanship of the Division of Social Sciences of the University of Chicago.

Of the four stores forming this group, Bamberger's of Newark and The Lasalle & Koch Company of Toledo had become institutions in their respective communities even before their affiliation with Macy's. Davison-Paxon is rapidly assuming a similar position in Atlanta.

Under the skillful guidance of my brother, Jesse, Macy's has, during the past decade, achieved a similar distinction in New York. Such distinction carries with it definite responsibilities which it has been the aim of your officers to realize and meet. Such a position ties your stores up closely to the general prosperity of the individual communities.

Notwithstanding a falling off in sales in 1933, a study of the annual sales over a period of the last decade indicates that to a greater extent than most corporations engaged in distribution of merchandise, Macy's has maintained its volume of sales and profits.

This maintenance of volume, I am convinced, is the result of the acceptance by the public, of Macy's position as a community institution actuated by a firm faith that its profitable progress depends on its militant sponsorship of the consumer's interest. From time to time during this year, the Corporation has been forced to appear in active defense of the consumer's right to buy sound merchandise at a low price. Your officers believe that this position is the mandate of customer, stockholder and employee alike.

Respectfully submitted,

PERCY S. STRAUS,

President.

TOUCHE, NIVEN & CO.
PUBLIC ACCOUNTANTS

EIGHTY MAIDEN LANE
NEW YORK

March 24, 1934.

TO THE BOARD OF DIRECTORS OF R. H. MACY & CO., INC.:

We have made an examination of the consolidated balance sheet of R. H. Macy & Co., Inc. and subsidiary companies, and of the balance sheet of R. H. Macy & Co., Depositors' Account Department, Private Bankers, as at January 27, 1934, and of the consolidated statements of profit and loss and earned surplus for the year (52 weeks) then ended. In connection therewith, we examined or tested accounting records of the Companies and other supporting evidence and obtained information and explanations from officers and employees of the Companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying consolidated balance sheet of R. H. Macy & Co., Inc. and its subsidiary companies, and the balance sheet of R. H. Macy & Co., Depositors' Account Department, Private Bankers, and the related consolidated statements of profit and loss and surplus, subject to the explanations stated therein, fairly present, in accordance with accepted principles of accounting consistently maintained by the Companies during the year under review, the position at January 27, 1934, and the combined results of their operations for the fiscal year (52 weeks) then ended.

TOUCHE, NIVEN & Co.
Public Accountants.

ASSETS

CURRENT ASSETS:

January 27, 1934

Cash		\$ 4,045,932.36
Marketable securities—at cost or market, whichever is lower		42,099.52
Notes and accounts receivable, customers, of subsidiary companies:		
Regular terms, less reserves of \$345,842.22 and \$397,750.00 respectively	\$ 3,899,652.70	
Instalment terms, less reserves of \$162,357.30 and \$172,887.95 respectively ..	799,475.53	
		4,699,128.23
Sundry debtors		323,549.11
Due from employees		135,842.59
Inventories—on the basis of cost or market, whichever is lower:		
Merchandise on hand	\$13,919,738.24	
Merchandise in transit	184,865.31	
		14,104,603.55
		<u>\$23,351,155.36</u>

PREPAID EXPENSES:

Unexpired insurance, etc.	\$ 377,234.79	
Inventory of supplies	287,273.78	
		664,508.57

OTHER ASSETS:

Land, buildings and equipment acquired for business purposes, but not used in store operations—at cost, less depreciation of \$675,503.39 and \$641,276.51 respectively	\$ 3,120,359.12	
Capital stock of R. H. Macy & Co., Inc. purchased 9,743 shares, and 12,143 shares, respectively, at market prices	574,837.00	
Investments in foreign subsidiary companies, not consolidated—at cost and proportion of profits and losses since acquisition	54,561.76	
Cash appropriated for redemption of preferred stock of subsidiary company	100,769.76	
Miscellaneous	147,399.11	
		3,997,926.75

FIXED ASSETS:

Land, and buildings on land owned and leased—at cost, less depreciation of \$10,898,558.33 and \$9,267,120.14 respectively	\$51,504,244.39	
Store fixtures—at cost, less depreciation of \$6,326,807.41 and \$5,745,160.19 respectively	7,728,378.71	
Delivery equipment—at cost, less depreciation of \$413,076.00 and \$497,847.49 respectively	388,888.09	
		59,621,511.19
GOODWILL		7,000,000.00*
		<u>\$94,635,101.87</u>

* At the rate paid for one-half interest in

Statement No. 1

January 27, 1934

January 28, 1933

<u>\$ 550,000.00</u>		<u>\$ 1,825,000.00</u>	
2,105,381.08		1,732,725.01	
184,865.31		139,976.93	
181,392.43		203,267.53	
147,298.74		174,271.41	
2,245,005.85		1,785,761.49	
 \$ 748,706.50		 \$ 748,106.50	
128,093.87		134,086.88	
<u>876,800.37</u>		<u>882,193.38</u>	
665,000.00		722,000.00	
<u>\$ 6,955,743.78</u>		<u>\$ 7,465,195.75</u>	
 \$ 4,750,000.00		 \$ 5,400,000.00	
900,000.00		900,000.00	
1,911,076.34		2,008,909.34	
<u>7,561,076.34</u>		<u>8,308,909.34</u>	
 \$ 945,095.60		 \$ 930,937.69	
65,000.00		65,000.00	
<u>1,010,095.60</u>		<u>995,937.69</u>	
 \$ 9,066,420.00		 \$ 9,474,850.00	
550,928.45		958,628.52	
<u>9,617,348.45</u>		<u>10,433,478.52</u>	
 \$52,539,547.11		 \$52,539,547.11	
16,951,290.59		16,281,046.24	
<u>69,490,837.70</u>		<u>68,820,593.35</u>	
 <u><u>\$94,635,101.87</u></u>		 <u><u>\$96,024,114.65</u></u>	



AND SUBSIDIARY COMPANIES

COMPARATIVE CONSOLIDATED BALANCE SHEET

January 28, 1933	
	\$ 5,372,897.86
	85,813.59
\$ 3,901,592.28	
763,376.50	
	4,664,968.78
	323,487.92
	145,687.40
\$11,600,718.74	
139,976.93	
	11,740,695.67
	\$22,333,551.22
\$ 374,114.30	
229,890.59	
	604,004.89
\$ 3,211,277.14	
365,807.88	
34,495.41	
214,152.81	
	3,825,733.24
\$52,934,065.10	
8,866,485.02	
460,275.18	
	62,260,825.30
	7,000,000.00*
	\$96,024,114.65

LIABILITIES

CURRENT LIABILITIES:

Notes payable to banks.....	
Accounts payable:	
Trade creditors	
Trade creditors for merchandise in transit.....	
Notes and accounts receivable discounted by subsidiary companies.....	
Miscellaneous credit balances.....	
Accrued salaries and expenses.....	
Dividends payable:	
On common stock of R. H. Macy & Co., Inc.....	
On preferred stock of L. Bamberger & Co.....	
Reserve for federal income tax.....	

MORTGAGES PAYABLE:

On main store land and buildings, L. Bamberger & Co., of which \$150,000.00 is due annually on November 1st, balance November 1, 1938; interest at 5%..	
On land and buildings of other subsidiary companies:	
Open mortgage, interest at 5%.....	
Other mortgages, due 1934 to 1942 (of which \$191,696.00 and \$109,825.00, respectively, is due within one year).....	

RESERVES:

For possible additional assessments of taxes for prior years.....	
For Insurance	

MINORITY INTERESTS IN SUBSIDIARY COMPANIES:

Preferred stock outstanding and maximum premiums payable on retirement....	
Common stock outstanding and surplus applicable thereto.....	

NET WORTH:

Common capital stock:	
Authorized, 2,500,000 shares of no par value	
Issued and outstanding, 1,509,556 at both dates respectively.....	
Earned surplus (of which \$1,945,524.00 and \$1,576,724.00, respectively, represent the proportionate share of R. H. Macy & Co., Inc. in the par value of preferred stocks of subsidiary companies repurchased), per Statement No. 2..	

CONTINGENT LIABILITIES:

	Jan. 27, 1934	Jan. 28, 1933
Mortgages payable by owner on land leased by subsidiary company	\$47,500.00	\$55,000.00



R. H. Macy & Co., Inc.

AND SUBSIDIARY COMPANIES

COMPARATIVE CONSOLIDATED EARNED SURPLUS

	Fiscal Year (52 Weeks) Ended	
	January 27, 1934	January 28, 1933
BALANCE, January 29, 1933 and January 31, 1932, respectively (of which \$1,576,724.00 and \$941,743.00, respectively, represent the proportionate share of R. H. Macy & Co., Inc. in the par value of preferred stock of subsidiary companies repurchased)	\$16,281,046.24	\$19,400,613.69
ADD:		
Net profit applicable to common stock of R. H. Macy & Co., Inc., per Statement No. 3:		
Excluding net proceeds from insurance on the life of the late Alfred B. Koch...	\$ 3,034,622.21	\$ 3,287,151.45
Excess of proceeds from insurance on the life of the late Alfred B. Koch over the cash surrender value — parent company's proportion	383,033.23	
Including net proceeds from insurance...	\$ 3,417,655.44	
Adjustment for change in market value of capital stock of R. H. Macy & Co., Inc. purchased and dividends received thereon, and for credit arising from repurchase of L. Bamberger & Co. preferred stock.....	466,834.75	101,219.84
	3,884,490.19	3,185,931.61
	\$20,165,536.43	\$22,586,545.30
DEDUCT:		
Dividends on common stock of R. H. Macy & Co., Inc.:		
Cash dividends declared—quarterly dividends of \$.50 per share.....	\$ 3,019,112.00	\$ 3,018,663.50
Stock dividend of 5%—paid in 71,883.60 shares		2,875,344.00
Excess of cost of investments in subsidiary companies over the value of their net tangible assets:		
Acquisitions in prior years.....		411,491.56
Acquisitions during the current year.....	195,133.84	
	3,214,245.84	6,305,499.06
BALANCE, January 27, 1934 and January 28, 1933, respectively (of which \$1,945,524.00 and \$1,576,724.00 respectively represent the proportionate share of R. H. Macy & Co., Inc. in the par value of preferred stock of subsidiary companies repurchased), to Statement No. 1..	\$16,951,290.59	\$16,281,046.24



R. H. Macy & Co., Inc.

AND SUBSIDIARY COMPANIES

COMPARATIVE CONSOLIDATED PROFIT AND LOSS

	Fiscal Year (52 Weeks) Ended	
	January 27, 1934	January 28, 1933
NET SALES:		
R. H. Macy & Co., Inc.....	\$76,195,686.60	\$80,464,596.25
L. Bamberger & Co.....	27,050,763.24	29,066,455.08
The Lasalle and Koch Company and Davison-Paxon Company	9,425,320.12	9,348,200.60
	<u>\$112,671,769.96</u>	<u>\$118,879,251.93</u>
DEDUCT COST OF GOODS SOLD, SELLING, OPERATING AND ADMINISTRATIVE EXPENSES, exclusive of the items listed below.....	105,180,347.82	110,891,367.49
	<u>\$ 7,491,422.14</u>	<u>\$ 7,987,884.44</u>
DEDUCT:		
Interest paid	\$ 424,254.97	\$ 524,078.65
Depreciation	3,094,649.86	3,253,065.59
Provision for federal income tax.....	665,000.00	722,000.00
	<u>4,183,904.83</u>	<u>4,499,144.24</u>
	<u>\$ 3,307,517.31</u>	<u>\$ 3,488,740.20</u>
OTHER INCOME:		
Income from securities, from radio broadcasting and from miscellaneous non-trading sources (net)	\$ 262,486.49	\$ 329,920.49
Provision for decrease or increase in market values of securities:		
Owned by R. H. Macy & Co., Depositors' Account Department, Private Bankers.*	*	*
Owned by the Company and its subsidiaries	29,186.94	39,115.75
	<u>233,299.55</u>	<u>290,804.74</u>
NET PROFIT	<u>\$ 3,540,816.86</u>	<u>\$ 3,779,544.94</u>
DEDUCT:		
Dividends on preferred stocks of subsidiary companies	\$ 533,556.00	\$ 556,706.62
Interest of minority common stockholders in profits and losses of subsidiary companies...	27,361.35	64,313.13
	<u>506,194.65</u>	<u>492,393.49</u>
NET PROFIT APPLICABLE TO COMMON STOCK OF R. H. MACY & CO., INC., to Statement No. 2:		
Excluding net proceeds from insurance on the life of the late Alfred B. Koch.....	\$ 3,034,622.21	\$ 3,287,151.45
Excess of proceeds from insurance on the life of the late Alfred B. Koch over the cash surrender value — parent company's proportion	383,033.23	
Including net proceeds from insurance.....	<u>\$ 3,417,655.44</u>	

* The operations of neither year include a provision for decrease or increase in market values of securities owned by R. H. Macy & Co., Depositors' Account Department, Private Bankers. Upon valuing stocks of the Private Bankers at market values and bonds on the basis approved by the Banking Department of the State of New York it is found that cost, less reserves previously provided, are lower by approximately \$57,000.00 at January 28, 1933 and \$43,000.00 at January 27, 1934.

R. H. Macy & Co.

DEPOSITORS' ACCOUNT DEPARTMENT, PRIVATE BANKERS

COMPARATIVE BALANCE SHEETS

ASSETS

	January 27, 1934	January 28, 1933
CASH	\$1,063,933.45	\$1,228,140.06
MARKETABLE SECURITIES:		
Bonds	\$2,088,220.68	\$1,992,530.03
Stocks	427,812.50	270,112.50
	2,516,033.18	2,262,642.53
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	28,628.11	32,859.96
	<u>\$3,608,594.74</u>	<u>\$3,523,642.55</u>

LIABILITIES

DUE TO DEPOSITORS.....	\$2,727,353.33	\$2,946,588.99
ACCOUNTS PAYABLE AND ACCRUED EXPENSES.	5,354.69	5,087.85
DUE TO R. H. MACY & Co., INC.....	2,201.96	1,719.05
PARTNERSHIP CAPITAL AND SURPLUS.....	873,684.76	573,684.76
	<u>\$3,608,594.74</u>	<u>\$3,523,642.55</u>

NOTE: The contract between R. H. Macy & Co., Inc. and R. H. Macy & Co. (partnership) Private Bankers, provides for no profit to the partnership other than a return of 6% on the partnership capital and surplus, and for the repayment to the partnership of any losses.

